

ECO 4504  
Spring 2016  
STZ 104  
M W 1:55 – 3:50

Steven Slutsky  
Office: MAT 338  
Phone: 392-8106  
email: slutsky@ufl.edu  
Office Hours: T 2:00 - 4:00

## **Public Economics**

**Text:**        Economics of the Public Sector (4<sup>th</sup> Edition), by Joseph Stiglitz and Jay Rosengard

**Exams:**        There will be a midterm and a final, each counting for 1/2 of the grade. The final is at 10 am on Thursday, April 28.

Public economics looks at government spending and taxation policies in the context of a market economy. The course will first review the operation of a market economy with no imperfections. In that context, the only role for government would be for distributional purposes. Then we will consider how market imperfections can create a role for government consumption and production. Once the government engages in such activities, the mechanisms by which it makes decisions become important. These can be done by democratic procedures or by more technocratic processes such as cost/benefit analysis. The general analyses developed to this point will then be applied to consider specific government programs such as defense, health, and education. The course then turns to a positive and normative analysis of the tax instruments the government can use to fund its various programs. Some additional topics are how allocation occurs when there are multiple levels of government from a national government down to various local governments and to analyze government funding programs through borrowing instead of taxation.

### **Syllabus**

- I.      Overview of the Public Sector  
        Chapters 1 & 2
  
- II.     Review of Welfare Economics  
        Chapters 3, 4, & 7
  
- III.    Public Goods and Externalities  
        Chapters 5 & 6
  
- IV.    Public Production  
        Chapter 8
  
- V.     Mechanisms for Allocation  
        Chapters 9, 10, & 11

- VI. Analysis of Specific Programs  
Chapters 12 – 16
- VII. Taxation Theory  
Chapters 17 – 21
- VIII. Particular Taxes in Practice  
Chapters 22 – 25
- IX. Federalism  
Chapters 26 & 27
- X. Debt and Deficit  
Chapter 28

Depending upon how rapidly we go, not all of the sections will be covered in full. Everything in sections I to V will be covered. It is unlikely that we will have time for sections IX or X and in sections VI and VIII there is likely to be time to analyze only some of the specific programs or taxes.